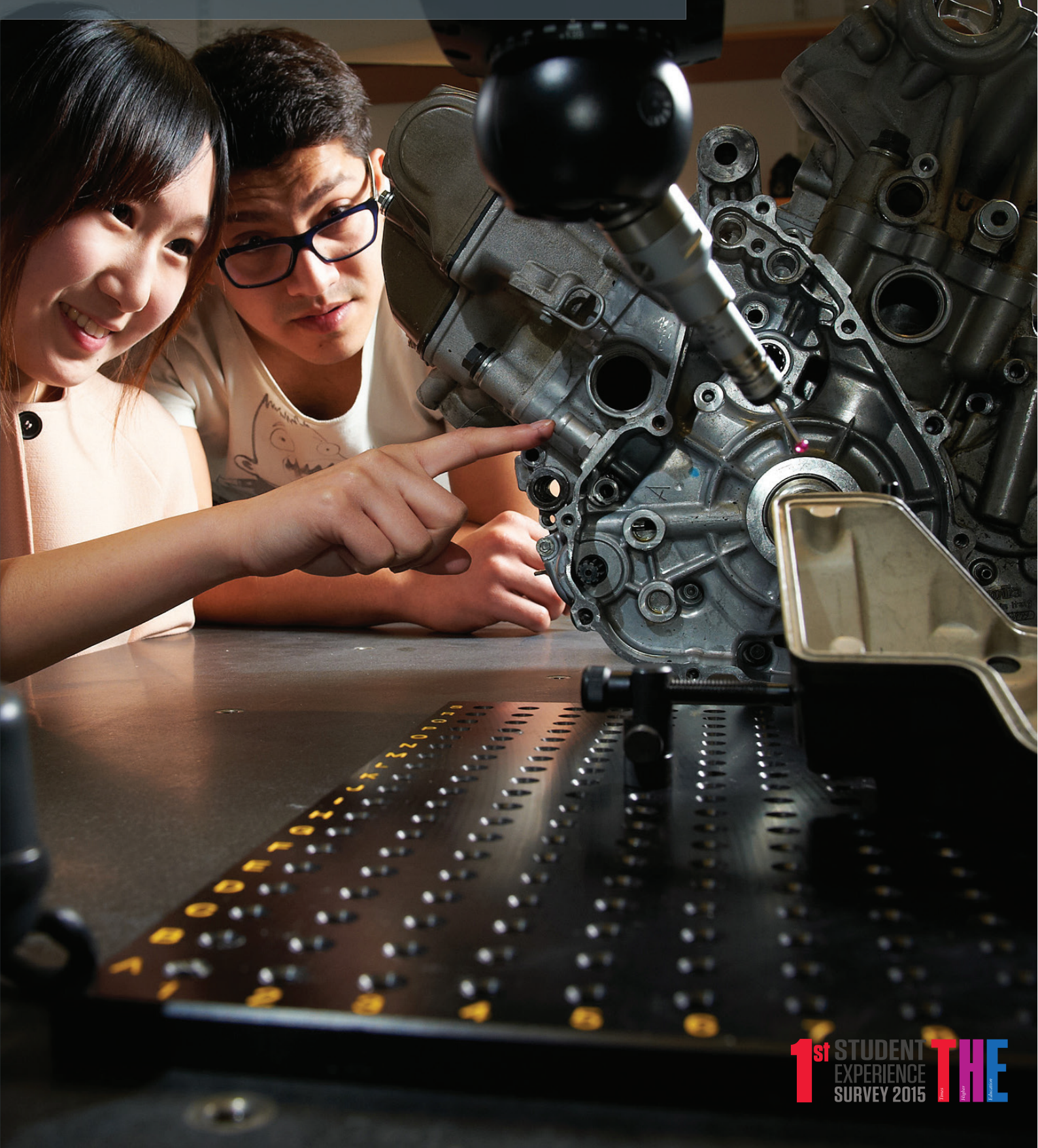


Financial Statements

2014-2015



UNIVERSITY OF
BATH



1st STUDENT
EXPERIENCE
SURVEY 2015 **THE**

Financial Statements

for the year ended 31 July 2015

Financial Statements

for the year ended 31 July 2015

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Treasurer's Report

This Treasurer's Report has been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education issued in 2007.

Operating Review

The University has achieved notable success in both teaching and research in 2014-15. The results of the Research Excellence Framework were announced during the year and the University increased its research quality ranking amongst UK universities to 12th with 87% of submitted research classified as world leading or internationally excellent. The University came 1st in the Times Higher Education Student Experience Survey 2015 and also maintained its high ranking in the National Student Survey (NSS).

In recent years the University has been successful in increasing the number of applications for study, increasing the number of students enrolling on its courses and in increasing the size of its research portfolio. This success has been underpinned by a consistently strong financial performance which has enabled the University to fund both academic and capital investment. The past is not necessarily a good basis on which to predict the future and the University faces challenges in maintaining and further improving its teaching and research profile in what are increasingly competitive areas. Before discussing these issues and the University's performance in more detail I would like to note my continued appreciation to the Vice Chancellor, University staff, students and alumni for their contribution to the University's success.

The University Council monitors performance and progress by referencing key performance indicators for its most important areas of activity. This report will refer to a number of these indicators to describe the University's performance. Where these are lagging indicators the data may not yet be available for 2014/15. The University also refers to national and international rankings as a measure of performance. The University has continued to perform well in the national league tables albeit marginally below the levels achieved last year. Performance in international tables has continued to improve with the University placed in the top 200 in both the Leiden and QS World rankings for the first time.

Teaching

The University has adapted well to the new tuition fee regime which was in its 3rd year during 2014-15. The

number of undergraduate applications increased by 14.1% in comparison with 2013/14. This, and previous growth in student intake, resulted in the number of full time undergraduates increasing by 6.4% in 2014/15. The University has been competing for the highest performing students since 2012 and in each year since has consistently managed to increase undergraduate applications and intake.

The quality of the home/EU undergraduate intake on entry is monitored by reference to the average tariff scores (Figure 1). Having increased in the first year of the new fees regime the average intake reduced to its 2011/12 level in 2013/14. The improvement shown over the five year period is a result of the increase in entry requirements made by departments.

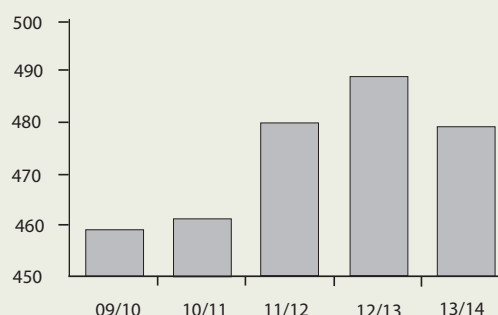


Figure 1: Average tariff scores

Continuation rates are measured as a proxy for student satisfaction and the effectiveness of the University's student support structures. The University has maintained a high level of achievement when compared to its peer group and the sector as a whole.

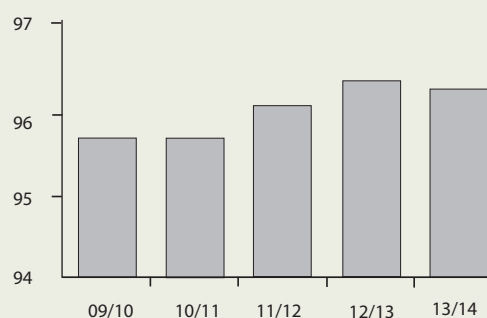


Figure 2: Continuation rates (% of students who continue to further years of study or qualify)

The quality of teaching is measured by reference to those who either 'definitely' or 'mostly' agree with NSS question 22 "Overall, I am satisfied with the quality of my course". In 2013 and 2014 the University was ranked 1st nationally on this measure and although in 2015 it was 15th, it remains amongst the best in the sector. The University is one of only a handful of universities to consistently score 90% or more and this reflects the University's commitment to the quality of its teaching provision.

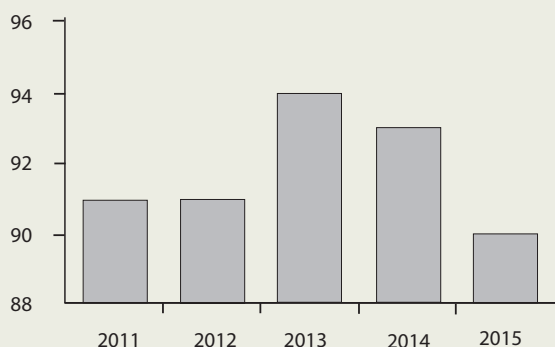


Figure 3: Student Satisfaction % - NSS Question 22

Research

The University is committed to investing in its research infrastructure and has seen the research portfolio continue to increase in value.

The University monitors its grant and contract income per academic as a measure of its research activity (Figure 4). The ratio increased in 2013/14 as a result of a 12% increase in income. Income increased by a further 20% in 2014/15 (10% excluding Research Development Expenditure Credits claim see page 7). The peak value in 2010/11 is due to a termination payment on a project with an industrial partner.

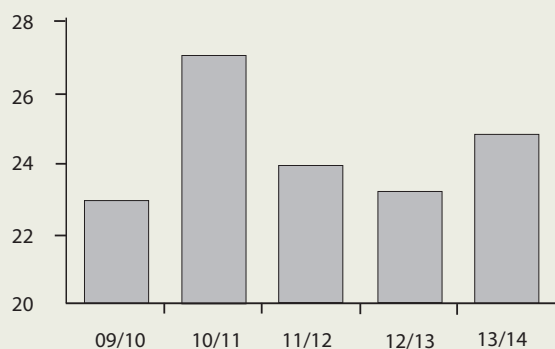


Figure 4: Grant and contract income per academic FPE (£000)

Postgraduate research studentships per academic (Figure 5) is unchanged. This ratio compares favourably with the University's selected peer group and reflects the growth in staff and PGR numbers.

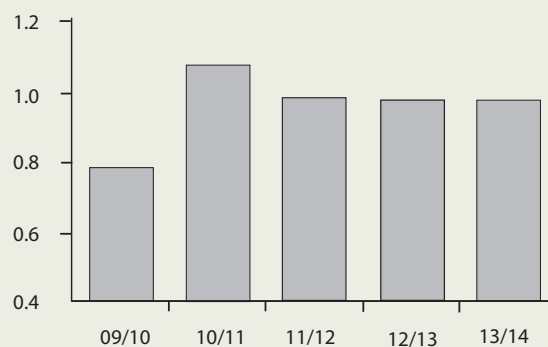


Figure 5: Postgraduate research studentships per academic (FPE)

Estates

The provision of additional space and the refurbishment of the University's older buildings to a modern standard continues to be a priority. I have reported previously on the £150m capital programme which the University is undertaking and I am pleased to be able to report that this is proceeding as planned. During 2014/15 the University opened The Quads, a new 708 room residence, and a new refectory, The Lime Tree. The Edge, the new home for the Institute of Contemporary Interdisciplinary Arts and the School of Management Executive Education Suite was opened in early 2015. The HIVE research facility, funded by EPSRC, was opened at Wroughton and will enable testing of low carbon construction materials and systems. The third and final stage of the refurbishment of 1 West was completed ready for the 2015/16 academic year. The University also purchased the police station in Manvers Street which will be converted to provide additional offices, a flexible learning zone and a city centre hub for student-facing services.

Construction commenced on two new academic buildings. 10 West will provide space for the Department of Psychology and the Institute for Policy Research. 4 East South will give the Faculty of Engineering and Design additional research and teaching space as well as accommodating a new Computing Services data centre.

The University recognises the importance of providing sufficient high quality space and monitors this using the Estates Management Statistics Data. The table below illustrates the impact that the investment in buildings has made in recent years.

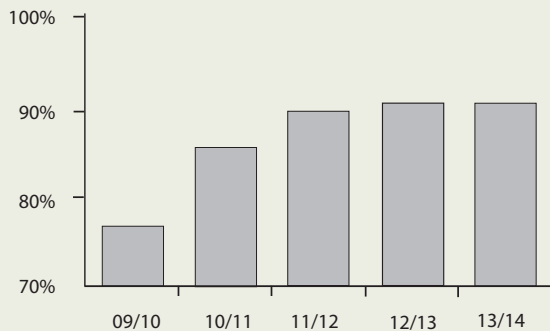


Figure 6: % gross internal area in condition A & B

Future Prospects & Risks

This report has noted the strong performance in both teaching and research that the University has achieved in recent years. The financial performance and continued investment in academic staff and the Estate have supported this and provide a good platform for further development. At the time of the introduction of the new fee regime the University believed that the planned changes would present opportunities as well as risks and three years into the new funding model this remains the case.

A description of how risk is managed by the University is included in the Statement of Internal Control (page 13). The Executive Committee oversees risk management in the University and reports to Council on a regular basis. The following comments address the key risks faced.

In recent years the University has made substantial investments in academic staff and physical infrastructure. This has enabled the provision of a high quality, research led, teaching experience. Additionally it has also provided an infrastructure that has allowed for an increase in the number of students and the capacity for research. The principal risks that the University faces relate to its ability to maintain the balance of quality, growth and financial sustainability.

The new fee regime has increased tuition fee income at the expense of teaching and capital grants. The cap on the £9k fee when it was introduced in 2012 meant that the sector would face a progressive cut in real terms in its home/EU tuition fee income. The prospect of being able to increase home/EU tuition fees (linked to teaching quality) may alleviate this pressure; however, the details and timing of any change are still unclear.

Competition for public research funding is increasing and is one of the areas at risk in the 2015 Comprehensive Spending Review, the outcome of which will be announced

later this year. The University has invested in its research capacity and is placing a greater emphasis on diversifying its research income. Nevertheless, a reduction in one of its main sources of funding would be likely to impact future revenue.

The University's success in teaching has been a function of being able to attract sufficient quality students and to provide an excellent teaching environment and experience. Increased competition for students and a reduction in the 18 year old demographic over the next five years presents a challenge. The University has been successful in increasing the number of applicants in recent years and had a record number of applications for entry in 2015/16. The University's international strategy has also supported the growth in overseas students and mitigates the impact of over reliance on particular markets. As I reported last year, the international student market is becoming increasingly competitive and the UK's position is not aided by the negative perception of the immigration system by some prospective students.

The growth of the University has required increasing investment in its physical infrastructure. Over time this has resulted in an increasing pressure on space on the campus.

Financial Review

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its subsidiary company, University of Bath Three Limited, a dormant company. As well as the subsidiary, the Financial Statements include the results of University of Bath Foundation Ltd a charitable and educational foundation incorporated in the State of Maryland with the object of supporting activities involving the University of Bath in the United States. The Foundation is an independent body responsible under United States law for its own affairs.

Results for the Year

A summary of the results for the year is shown in Table 1 below. The accounts are shown in full on pages 22-49.

	2015 £m	2014 £m	Increase £m %	
Income	243.4	222.8	20.6	9%
Expenditure	219.7	205.6	14.1	7%
Historic Cost Surplus before exceptional items & tax	23.7	17.2	6.5	38%
Retained Surplus	15.8	16.9	-1.1	-7%
Net Assets	492.3	474.5	17.8	4%
Operating Cashflow	32.4	30.4	2.0	7%

Table 1: Summary of Results

The key indicators that the University uses to monitor its financial performance are the Historic Cost Surplus before Exceptional items (Surplus) and Discretionary Cashflow. Discretionary Cashflow describes the funds that the University generates to fund investment and repay the capital on loans.

A target surplus of 5% of total income has been adopted in the planning process in recent years as at this level the University will generate sufficient Discretionary Cashflow.

In 2014-15 the University historic cost surplus as a percentage of income was 9.5%. This is the 6th consecutive year that the target has been achieved and the 12th consecutive year that a surplus has been recorded. Over the last 5 years the average surplus to income ratio is 7.9%.

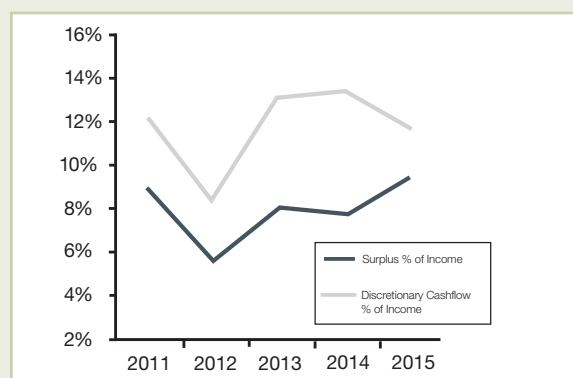


Figure 7: Surplus as a percentage of income and discretionary cashflow as a percentage of income

Income

Total income has grown by 9% during the year and is analysed in the table below.

	2015 £m	2014 £m	+/- £m
Funding council grants	36.4	41.0	(4.6)
Tuition fees	120.2	106.6	13.6
Research	36.7	30.7	6.0
Accommodation and	28.1	22.3	5.8
Other income	22.0	22.2	(0.2)
Total Income	243.4	222.8	20.6

Table 2: Income comparison 2014/15 vs. 2013/14

Funding council grants

Funding Council grants reduced to £36.4m in line with expectations. The introduction of higher tuition fees was preceded by the start of a phased reduction in teaching grant.

Tuition Fees

Tuition fees and education contract income increased by 13% to £120.2m. The increase in the number of students paying the £9k fee lifted income by £11.1m. Excluding the effect of the higher fees home and EU undergraduate income grew by 6% as a result of the

increase in intake seen in recent years. Home and EU postgraduate income reduced by 11% in the year as the University withdrew its PGCE programme at the end of 2013/14.

	2015	2014	+/-	%
	£m	£m	£m	
Full Time UK higher education students	58.7	50.0	8.7	17%
Full Time EU higher education students	10.1	8.4	1.7	20%
Full time overseas higher education students	38.7	36.5	2.2	6%
Part-time higher education students	4.7	4.0	0.7	18%
Research training, short course and other fees	8.1	7.7	0.4	5%
Tuition Fees & Education Contracts	120.2	106.6	13.6	13%

Table 3: Tuition fee and education contract income analysis

Research

Research income grew by 20% and benefitted from £3.2m of income from Research Development Expenditure Credits (RDEC) in respect of the period from April 2013 to July 2015. This includes an allowance for Corporation tax of £692k. The Universities' eligibility for RDEC ceased from 1 August 2015. Excluding RDEC, research income grew by 9%. Research Council contracts grew by 12% and now make up 57% of research income. Funding also increased from the EU Commission and UK Central Government.

Accommodation and Hospitality Income

The opening of the Quads residence and Lime Tree refectory added 708 bedrooms and significantly increased catering capacity and was the main reason for the 26% increase in Accommodation and Hospitality income. Conference income was also notably higher following two exceptionally large contracts delivered at the start of the year.

Other Income

Other income comprises a number of diverse income streams analysed in note 4 and was marginally lower in the year. Income from Sports and related facilities decreased as did VAT recovery which mostly related to capital projects. Investment income increased due to the sale of a corporate bond investment.

Expenditure

Excluding the impact of the depreciation charge on revalued assets which the University incurred for the first time in 2014-15 expenditure increased by £14.1m or 7% compared to the previous year. Staff costs increased by £8.5m predominantly in academic departments and research salaries which together increased by £5.1m. Accommodation salaries increased by £1.4m (23%) as a result of the increased activity following the completion of the Quads & Lime Tree.

Staff costs grew by 7% but decreased as a percentage of income by 0.7% to 51.7%. The average number of staff grew by 5% to 2,701. During the year the University implemented the 2% national pay award and paid incremental increases to eligible staff.

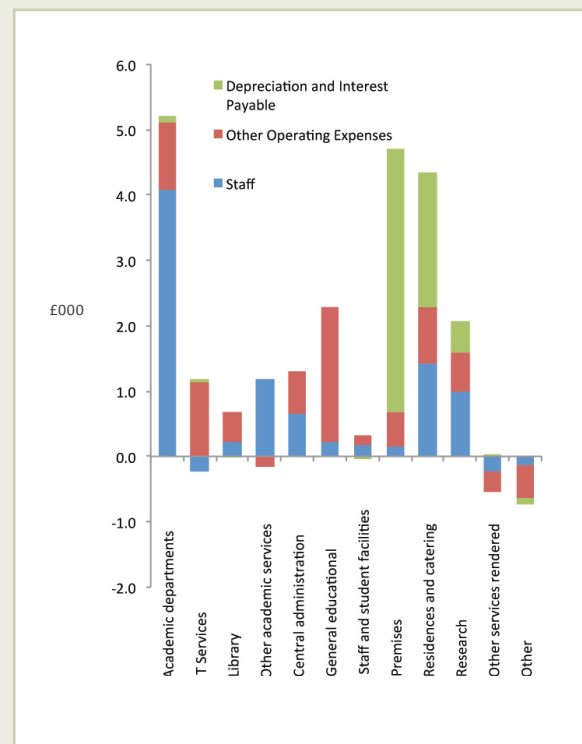


Figure 9: Increase or decrease in expenditure by expense type 2014-15 vs 2013-14 (note 8)

Other operating expenses increased by 9% in total. The largest increase was in general educational expenditure and comprised increases in overseas recruitment costs, bursary costs and teaching facility refurbishments. IT software costs also increased and Residences and Catering and Research expenditure also increased as a result of the increased volume of activity in these areas.

Report of the Treasurer

The impact of the depreciation on the revalued element of buildings was £7.4m and is reflected in the large increase in the charge to premises and residences.

Taxation of £692k is in respect of RDEC income of £3.2m.

Cashflow

Operating cashflow was £32.4m for the year exceeding last year by 7%. The increase in operating cashflow in 2014/15 is due to the large increase in the surplus. The movement on debtors and creditors resulted in an outflow of £0.9m in 2014/15 compared to an inflow of £3.8m last year. In recent years the University has benefitted from favourable variances in this area largely as a result of the phasing of research funding.

Capital Investment

The University continues to invest heavily in its capital programme. Capital expenditure was primarily on the buildings described earlier and totalled £47m. Capital expenditure in the three years following the introduction of the new fee regime has averaged £48m p.a. more than double the £22m p.a. average for the ten previous years.

Treasury

Despite the scale of capital investment the University's high operating cashflow has resulted in a modest increase in net debt during the year, from £40.6m to £44.2m. Loans have been fully drawn since 2013 and so the University has broadly maintained its relatively high level of gross debt and the level of cash and investments. The level of gross debt as a percentage of income has continued to reduce. The availability of funds is an advantage in allowing the University to respond more promptly to opportunities as they arise.

The University's treasury strategy is to continue to hold funds needed for planned capital investment and investment in academic activities in assets with low capital risk. At the end of the year £86.3m was held in cash, cash funds, fixed deposits and certificates of deposit. The value of longer term investments has increased to £30m. An assessment of the phasing of the University's capital investment requirements has resulted in further medium term investments being made after the year end which are intended to mitigate the holding cost of drawn funds. The University monitors its performance against the financial covenants specified in its three loan arrangements. The University is well within the levels specified in all the loans both for the year end 2014-15 and in the forecast for future periods.

Balance Sheet

Net Assets increased to £492.3m at 31 July 2015.

Debtors increased by £3.9m and includes a £1.4m increase in payments in advance of delivery and £2.4m being the net income due in respect of the RDEC claim. Investments increased slightly but the cash at bank sum reduced by £7.8m as the beneficial interest rate on the University's current account was withdrawn and so funds were transferred to fixed deposits.

Creditors falling due within one year increased by £4.7m of which £1.8m related to an increase in capital creditors. The University's loan balance at 31 July 2015 was £161.7m a £2.1m reduction on the prior year. The reduction relates to repayments on the two facilities arranged in 2007. Repayments on the EIB loan commence in 2017.

The University shows its liability in respect of its participation in the Local Government Pension Scheme on the balance sheet. The liability increased by £7.1m to £33.2m. An actuarial loss of £5.9m resulted from a change in assumptions made by the University's actuary; most notably, a 0.5% reduction in the discount rate used to value the scheme's liabilities. The remaining movement represents the current service cost less contributions made during the year. However, the University paid some of the contributions that were due in 2014-15 in advance and this payment was reflected in last year's provision movement.

The University also participates in the Universities Superannuation Scheme (USS). USS is a multi-employer scheme and so does not appear on the balance sheet of any institution. The Trustees of the USS Pension Scheme have consulted on changes to the scheme during 2014-15. Significant changes will be introduced from 31 March 2016 which will see the introduction of a hybrid scheme comprising a Career Revalued Benefit element and a Defined Contribution element which will remove the link between pensionable pay and final salary. The revised scheme will continue to offer a substantial and valuable benefit to its members. The scheme valuation at March 2014 (unaudited) includes the impact of these changes and values the deficit at £5.3bn compared to £2.9bn in March 2011. Full details of the recovery programme have not yet been confirmed but the employer contribution rate will increase from 16% to 18% of salary with employee contribution increasing to 8%.

Peter Wyman

Treasurer and Vice Chair of Council

Public Benefit Statement 2014-15

Our **Mission** is to deliver world class research and teaching, educating our students to become future leaders and innovators, and benefiting the wider population through our research, enterprise and influence.

The commitment to delivering public benefit is at the core of our Mission which was last reviewed by members of Council, the University's trustees, when our new University Strategy 2013-2016 was approved in June 2013. Our Mission derives from our constitutional charitable **Objects** to "advance learning and knowledge by teaching and research, particularly in science and technology, and in close association with industry and commerce". These Objects are set out in our Charter.

In furtherance of our Mission, our key corporate goals are to deliver excellence in our two primary charitable purposes, research and education (University Strategy 2013-2016).

Research excellence for us means:

- conducting internationally-leading research of global significance.
- being a centre of excellence for the development of postgraduate, post-doctoral and early career researchers.
- optimising the intellectual, scientific, economic, social and cultural impact of our research.
- promoting external engagement, enterprise and innovation, stimulating the exchange of ideas and knowledge through partnership.

Education excellence for us means:

- offering a research-enriched, practice-informed academic portfolio which is intellectually challenging and internationally relevant.
- welcoming academically gifted students from any background, creating a diverse and culturally-rich community.
- sustaining an inclusive, supportive, well-resourced learning environment within which independent learning flourishes and individual potential can be achieved.
- providing a wide range of opportunities to learn through experience, enhancing personal development, future employability and broader contributions to society.

In its oversight of the delivery of our Objects and

corporate goals, the University's Council has due regard to the Charity Commission's guidance on public benefit. The induction programme for new members of Council includes coverage of the Commission's guidance. The full Council membership receives periodic briefings on regulatory matters, including the Charity Commission's guidance.

We are one of the largest employers in Bath & North East Somerset, with around 3,000 core employees. Our 2013 Staff Satisfaction Survey showed that 93% of respondents thought the University was a good place to work.

Research of international excellence

In accordance with our Mission, we aim to benefit society through our research. Our research ethos has a strong focus upon impact, tackling challenges of global significance from sustainability to health and wellbeing. Our faculty comprises some of the finest researchers from around the world. In accordance with our charitable Objects, we value research partnerships and work with business, industry, the professions, the public sector and the voluntary sector. Consequently, our research benefits a wide range of stakeholders with international as well as national beneficiaries, ranging from individuals with improved health prospects to international corporates with more energy efficient products.

Through advancing knowledge, the University's research has a wide range of public benefits:

- stimulating economic development;
- informing public policy and the professions;
- innovating, informing and inspiring;
- building international connections.

The international excellence of the University's research was evidenced in 2014-15 by the outcomes of the Research Excellence Framework (REF) evaluation of research quality. In terms of the overall quality of our submission, 32% was judged to be 4*, defined as world-leading in terms of originality, significance and rigour, with a total of 87% judged 4*/3*, defined as world-leading/internationally excellent. Our overall grade point average (GPA) was 3.17, placing us 12th in the research quality ranking of UK universities (excluding specialist institutions). The REF methodology also included a national evaluation of research impact for the first time and we performed strongly in this measure.

Our research continues to have tangible economic and social benefits, for example:

- Our ENLITEN project is aimed at improving household energy literacy in order to reduce energy consumption. surgical implants.
- Our research has developed new dry inhaler technology to improve the delivery of potentially life-saving medication.

Public Benefit Statement

In continuing to invest in the strategic expansion of our research base we will increase its impact and, hence, its public benefit. In 2014/15, the value of our research portfolio exceeded £121 million for the first time. Around 60% of our research income is provided by UK research councils and these funders include impact in their criteria for evaluating grant applications. Consequently, the University has an objective view of the potential public benefit of much of its research.

We will continue to strengthen our international research links to enhance our international profile and our ability to sustain a world class research capability.

Further examples of how our research is delivering public benefit can be found at: <http://www.bath.ac.uk/research/>

We believe that there is a clear secondary order public benefit in having an informed population, both nationally and internationally, particularly where complex global issues are concerned. We are proactive in engaging the media with our research work and publish a Directory of Expertise so that the media can readily access expert comment on topical issues.

We work proactively to ensure that our research is disseminated and understood beyond the world of academia. Our Institute for Policy Research has published a series of Policy Briefs which are circulated to key decision-makers. Our Public Engagement unit also plays a key role in disseminating our research. We offer a range of public lectures which are free to attend. We utilise a wide variety of media to disseminate knowledge beyond the confines of campus, including MOOCs, Twitter and Facebook.

High quality education

In advancing and disseminating knowledge, the University's teaching has a wide range of public benefits:

- developing people;
- informing professional practice;
- innovating, informing and inspiring;
- building international connections.

We are a first choice university destination for students in an increasingly competitive, international recruitment market. Students are attracted by our excellent academic reputation, our outstanding graduate employment record, our world class sports facilities, and the wide array of other social, recreational and personal development opportunities we offer. Our ability to offer placement options across our discipline base, and with leading organisations, is unique amongst

top UK research-intensive universities. Our graduates have excellent employment prospects, not only because of their discipline-specific knowledge and skills but also because of the emphasis we place on developing well-rounded, enterprising individuals with high aspirations. As a result, our graduates are well-equipped to contribute to economic growth and policy development, as well as making a positive social contribution.

The University's Campus Masterplan provides for annual growth in the student population between 1 and 3% in order to respond to the high demand for our courses. The growth in our core headcount student population between 2013/14 and 2014/15 in core numbers was 2%. In 2014/15, our core student population comprised 11,306 undergraduates, 3,100 taught postgraduates and 1,239 research postgraduates.

Our students are key beneficiaries of our teaching activities and we measure our success in terms of their retention rates, their employability and their satisfaction. Our completion and employment rates are some of the best in the sector and we were ranked top University in the UK for student satisfaction in the 2015 Times Higher Education (THE) Student Experience Survey. Council receives annual reports on completion and employability performance. Our aim is to ensure that the percentage of our employed UK full-time first degree graduates in the top three occupational groups (professional or managerial jobs) remains above 80%. The latest available dataset relates to 2012/13 and the proportion of our graduates in the top three occupational groups was 86%. National data shows that the percentage of our full-time first degree entrants who continue or qualify with us is around 96% (Source: HESA Performance Indicators - Table T3a).

Beneficiaries of our teaching activities range from primary school age (aspiration raising/mentoring) through to mature learners (continuing professional development and MOOCs), and include undergraduates, taught postgraduates and research postgraduates. We recruit internationally and are committed to promoting a diverse student population.

Our goal is a socially inclusive and diverse student population. We support social mobility through a range of activities:

- **Aspiration raising and outreach activities for young people** from under-represented groups, with special emphasis on STEM subjects;
- **Diversifying our curriculum offer**, delivery methods and modes of learning to attract a wider range of students;
- **Promoting access and minimising barriers to progression** by working to better understand and to mitigate the difficulties some applicants experience in achieving an offer from us;

- **Enhancing student services and support networks** to minimise barriers to success.

We recognise that undergraduate tuition fees may be a barrier to accessing our teaching. We publicise the financial support that we can provide to prospective students through our website and Open Days. In 2014-15 we provided £3.14m of financial support to 903 undergraduate students in the form of fee waivers and bursaries for individuals paying fees under the 2012 fee regime with a household residual income (HRI) of £20,000 or below. In addition, we provided £537k of financial support to 622 undergraduate students under the pre-2012 fee regime with HRI's of £50,000 and below. Our Alumni Fund provided £431k of financial support to 244 undergraduates (both pre- and post-2012 fee schemes) with an HRI of £42,620 and below. In total, £4.108m of means-tested financial support was awarded to 1,769 undergraduate students.

Recognising that the new undergraduate funding regime is a potential risk to recruitment of home fees students to postgraduate taught provision, we have been actively engaged in the debate around new support systems for postgraduate taught students. In 2014/15, we ran one of the pilot projects for the HEFCE Postgraduate Support Scheme initiative to encourage greater progression into postgraduate taught education.

Employers are also beneficiaries of our teaching activities through the skillset of our graduates. In the 2014 QS world ranking, the University of Bath was ranked 64th in the world in the employer reputation performance measure, a rise of ten places from 2013. We also measure our success in delivering the skills that employers want in terms of our ability to maintain our network of placement sponsors.

The wider community also benefits from our ability to attract high quality, engaged students. Working in close partnership with the Students' Union, the University offers a wide range of opportunities for personal development, including volunteering, summer internships, personal development and skills training. In providing a wide range of opportunities to learn through experience and enhance personal development and career prospects, we are producing graduates who are well-equipped to act as good citizens and members of local, national and international society.

The Bath Award, launched in 2009/10, provides an accreditation framework so that students can present all the transferable skills, competences and capabilities demonstrated through their extra-curricular activities to employers in a systematic fashion.

Students can volunteer to help with outreach activities, encouraging gifted and talented young people from socio-economic groups under-represented in Higher

Education, to raise their educational aspirations. We provide a supportive learning environment, with central student services and academic departments working in partnership, and have one of the highest retention and success rates in the UK. We have an excellent record for supporting students with disabilities to the successful completion of their studies. We encourage students from diverse backgrounds and provide financial support.

Students can also volunteer to help with our public engagement activities, particularly the annual 'Bath taps into Science' event in the city which is designed to enthuse members of the community about science.

We are keen to ensure that our students and graduates have a strong awareness of the environmental impact of their actions. Students in campus residences are encouraged to take part in an annual competition to reduce energy use and we are increasing opportunities for students to recycle waste materials.

Creativity, Enterprise and Innovation

The knowledge that we generate through our research and teaching activities can be exploited to achieve a number of public benefits:

- innovating, informing and inspiring;
- engaging communities and working in partnership;
- stimulating local economic and social development;
- building international connections.

We are sector leaders in knowledge exchange, applying fresh thinking to accelerate economic growth and social advances. Our Innovation Centre is helping to diversify the economic profile of the City by incubating high yield businesses, and co-ordinating a number of regional networks for advanced technology sectors, including Silicon South West and Low Carbon South West.

Enterprise@Bath, a resource for the whole University community, is aimed at creating tomorrow's business leaders and fostering an innovative culture. It signposts sources of skills development, funding and support. We offer enterprise education for students and they are encouraged to develop entrepreneurial skills. A number of students develop business models or launch their own businesses whilst studying.

As part of our culture of creativity, enterprise and innovation, we seek to make a positive social, as well as economic, impact. We have outstanding sports facilities and offer a programme of community sport, TeamBath Tribe, encouraging young people in particular to engage in sporting activities. The University hosts Paralympics GB training camps in preparation for the Rio Olympics

Public Benefit Statement

2016. We also offer a public arts programme, including visual arts, theatre, dance and music. During 2014/15, we opened our new £10 million centre for the Arts.

International Engagement

We believe that there is a benefit to our academic activities in having a truly international culture on campus. Our international culture also has benefits locally and regionally. Our ability to attract internationally renowned researchers contributes to our capacity to contribute to the regional and national knowledge economy. Through our international connections we can provide a conduit to disseminate best international practice and cutting edge research locally, regionally and nationally. We also believe that a culturally diverse student population makes a positive impact on the experience of all of our students.

In addition to the international profile of our teaching and research activities, we are forging international connections through our alumni network and our world class sports facilities. We have over 87,000 alumni, representing 154 countries. Our alumni are encouraged to make philanthropic donations to enhance the student experience, our physical infrastructure and our research capacity.

Public detriment

We do not believe that there is any direct harm or detriment to the public arising from our Mission and corporate goals. However, we do recognise that our activities have environmental consequences and we have made a number of commitments to promote effective environmental management:

- continually improve our environmental performance as far as the constraints of our physical infrastructure and estate will permit;
- make the most efficient and effective use of all resources, encouraging members of our community to develop a sustainable approach;
- minimise carbon emissions from regular commuting to and from campus by encouraging the use of public transport, cycling or walking;
- implement effective energy and water conservation measures;
- reduce overall waste production and increase the recycled component of the waste stream;
- implement a procurement policy that includes consideration of sustainability in all tender evaluations;
- work with our suppliers to help us achieve our sustainable and socially responsible procurement policy aspirations in the delivery of our products and services;
- support the principles of fair trade and maintain our Fairtrade status;
- manage our grounds in an environmentally and biodiversity-sensitive manner.

We are fully committed to reducing carbon emissions and were the first UK HEI to undertake the Carbon Trust's Higher Education Carbon Management process in its 'pre-pilot' phase in 2003. Our initial carbon reduction target was to reduce CO2 emissions from gas combustion and electricity usage by 12.5% from a 2003/04 baseline of 0.11 tonnes/m² building floor area by 2010, which we achieved by December 2010. Our current Carbon Management Plan builds on this success and we are implementing a number of projects that will produce further reductions towards our aspirational 2020 target of a 43% reduction against a 2005 baseline.

We seek to promote the highest standards of scientific and professional integrity and to give due consideration to the ethical, social and environmental issues arising from our activities. In 2014/15, we published our first annual statement on research integrity. In advancing knowledge to improve health and wellbeing, we undertake various projects in medical research and medically-associated biological research. This work is funded by the Medical Research Council, the Biotechnology and Biological Sciences Research Council, and major medical charities including the Wellcome Trust, Cancer Research UK, British Heart Foundation, Arthritis Research Campaign and Diabetes UK. Research in the UK involving vertebrate animals is regulated, within the framework of the Animals (Scientific Procedures) Act 1986, by the Home Office Animals Scientific Procedures Division and Inspectorate. All work on vertebrate animals is conducted under Home Office Licence. This means that any projects we undertake have been through an ethical review process, and have then been assessed by a Home Office Inspector to ensure that the benefits from the research outweigh any possible discomfort to the animals. The University is committed to the three Rs – Refinement, Reduction and Replacement of experiments involving animals.

We recognise that the growth in our student population has an impact on the City of Bath and we are working with Bath & North East Somerset council to inform the development of the Local Place Making Plan.

Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. The University complies in full with the Higher Education Code of Governance adopted by the Committee of University Chairs (CUC) in December 2014. The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011.

This summary describes the manner in which it has applied the principles set out in the Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Summary of the University's Structure of Corporate Governance

The University's governing body is its Council. This comprises lay, academic and non-academic persons, appointed under the Statutes of the University, the majority of whom are non-executive. The lay roles of Chair of Council and Treasurer are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specifically reserved to the Council for decision are set out in the Statutes of the University, and under the Memorandum of assurance and accountability with the Higher Education Funding Council for England. The Council, with the Senate, determines the ongoing strategic direction of the University; it approves major developments and receives regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The University is an exempt charity as defined by the Charities Act 2011 and members of its Council are therefore trustees of the charity. The Higher Education Funding Council for England acts as principal regulator in respect of the University's status as a charity.

Council normally meets five times a year. Its committees include Finance Committee, Nominations Committee, Remuneration Committee and Audit Committee. All of these committees are formally constituted with terms of reference and include lay members of Council, one of whom is the chair.

The Finance Committee, *inter alia*, recommends to Council the University's annual revenue budget and capital expenditure and receives updates to the estimates during the course of a year. It also supervises the investment activity of the University.

The Nominations Committee considers nominations for membership of Council and its Committees, including the key roles of Chair of Council, Pro-Chancellor and Treasurer.

The Remuneration Committee determines the annual remuneration of the Vice-Chancellor, Deputy Vice-

Chancellor & Provost, Pro-Vice-Chancellors, Deans of Faculties/School and senior administrative officers.

The Audit Committee, on behalf of Council, has an ongoing programme for reviewing the effectiveness of the University's system of internal control. It is responsible for meeting with the external auditors and the internal auditor of the University and reviews and discusses reports issued. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans and monitors the progress of these plans. It also receives and considers reports from the Higher Education Funding Council for England, as they affect the University's business, and monitors adherence with the regulatory requirements. Whilst senior executives do attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets with the external auditors on their own for independent discussions.

In accordance with the CUC Higher Education Code of Governance, Council keeps its effectiveness under regular review. An interim effectiveness review of Council was undertaken during 2014/15. It concluded that the University may have a high level of confidence in the effectiveness of Council. Its recommendations have now been implemented; the next full review will take place in 2017/18.

Members of Council sign an annual declaration of guiding principles stating that they will act in accordance with the University's guidance on corporate governance and with the principles on the proper conduct of public business and accepted standards of behaviour in public life as set out in the CUC Higher Education Code of Governance. A register of interests is maintained and updated annually.

Statement of Internal Control

As the governing body of the University of Bath, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to it in the Charter and Statutes and the Memorandum of assurance and accountability with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Corporate Governance

The University has established the following processes in relation to its risk management policy and for reviewing the effectiveness of the system of internal control:

- Council normally meets five times a year to consider the plans and strategic direction of the University;
- Council has established that the Executive Committee, the senior management team of the University, be the body that oversees risk management at the institution;
- Risk management forms part of the annual planning cycle of the University and covers all risks – governance, management, quality, reputational and financial;
- Faculties and key professional service departments have risk registers in place, which are updated annually as part of the planning process.
- The University maintains a corporate risk register which is updated annually and progress on improvement actions is reviewed. The risk register includes an evaluation of the likelihood and impact of risks becoming a reality;
- Council receives a report reviewing the corporate risk register at each of its meetings. Annually, it receives an overall report for the year, and an updated register;
- Council annually reviews the effectiveness of the risk management process and internal controls;
- The Audit Committee receives regular reports from the Head of Internal Audit on specific areas of internal control together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques.

Council's review of the effectiveness of the system of internal control is informed by the Internal Audit unit, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of

the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, has operated effectively throughout the year and accords with HEFCE guidance.

Statement of Responsibilities of the University's Council

In accordance with the University's Charter of Incorporation, the Council of the University is responsible for the administration and management of the affairs of the Group and is required to present audited financial statements for each financial year.

The primary responsibilities of the Council are:

- approving the mission and strategic vision of the institution, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring these meet the interests of stakeholders;
- appointing the head of the institution as chief executive of the institution and putting in place suitable arrangements for monitoring his or her performance;
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances and for managing conflicts of interest;
- monitoring institutional performance against plans and approved KPIs, which should be, where possible and appropriate, benchmarked against other institutions.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit and cash flows for that year.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Council notes that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Council is satisfied that the Group has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and from the Teaching Agency are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability (MAA) with the Higher Education Funding Council and the Funding Agreement with the Teaching Agency, and any other conditions which the Funding Council or Agency may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the Group and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the Group's resources and expenditure.

Statement of Equality Objectives 2013-15

- 1 In all our everyday activities, to promote equality and diversity and to advance equality of opportunity.
- 2 Continue to eliminate unlawful discrimination and harassment.
- 3 Maintain Athena SWAN membership/awards.
- 4 Strengthen efforts to support under-represented academic staff to become Readers/Professors.
- 5 Research barriers to the progression of BAME and Disabled staff.
- 6 Ensure managers and committees are familiar with equality and diversity legislation and with the needs and perspectives of people in all protected groups, and apply this knowledge to their work.
- 7 Implementing widening participation outreach and retention strategies and activities to increase participation from under-represented groups of students.
- 8 Assist noticeable improvement in degree attainment in BAME and Disabled students to achieve their potential and record destinations.
- 9 Enable greater involvement of BAME UK/Overseas students in Students' Union and other university activities.
- 10 Facilitate participation of trans people in the university community.
- 11 Promote and support flexible working arrangements for all staff taking into account operational needs.
- 12 Deliver the programme of Equality Analyses.

Membership of University of Bath Council

(between 1st August 2014 and 26th November 2015)

Mr Thomas Sheppard	Chair of Council
Baroness Royall of Blaisdon	Pro-Chancellor
Mr Peter Troughton	Pro-Chancellor
Sir Julian Horn-Smith	Pro-Chancellor
Mr Peter Wyman	Treasurer
Mr Peter Wyman	Treasurer & Vice-Chair (from 1 August 2015)
Professor Dame Glynis Breakwell	Vice-Chancellor
Professor Kevin Edge	Deputy Vice-Chancellor (until 30 April 2015)
Professor Bernie Morley	Deputy Vice-Chancellor & Provost (from 1 May 2015)
Dr Michael Carley	Chair of Academic Assembly (until 31 July 2015)
Dr Aki Salo	Chair of Academic Assembly (from 1 August 2015)
Dr Michael Hipkins	Appointed by Council
Mr Raoul Hughes	Appointed by Council
Mr Barry Gilbertson	Appointed by Council
Mrs Ruth Foreman	Appointed by Council
Ms Anne Goodman	Appointed by Council
Mr Mark Hawkesworth	Appointed by Council
Mr Roger Whorrod	Appointed by Council
Mr John Stanion	Appointed by Council (re-appointed from 1 August 2015)
Mr Sam Sharpe	Appointed by Council (from 1 August 2015)
Mr Stuart Appleton	Appointed by Convocation (until 31 July 2015)
Mrs Christine Gibbons	Appointed by Convocation (from 1 August 2015)
Professor Tim Ibell	Elected by Senate
Dr Steve Wharton	Elected by Senate
Ms Kate Robinson	Elected by Senate
Dr Aki Salo	Elected by Senate (until 31 July 2015)
Professor James Davenport	Elected by Senate (from 1 August 2015)
Dr Joanna Bryson	Elected by Academic Assembly (until 31 July 2015)
Dr Michael Carley	Elected by Academic Assembly (from 1 August 2015)
Ms Marie Morley	Elected by non-Academic Staff (until 24 November 2014)
Miss Claire Marr	Elected by non-Academic Staff (from 27 January 2015)
Miss Claire Marr	Elected by non-Academic Staff (re-elected from 1 August 2015)
Mr Jordan Kenny	Student Member (until 20 June 2015)
Mr Paul Goodstadt	Student Member (until 20 June 2015)
Mr Jordan Kenny	Student Member (re-elected until 20 June 2016)
Miss Lucy Woodcock	Student Member (until 20 June 2016)

Independent Auditor's Report to the Council of the University of Bath

We have audited the group and University financial statements (the "financial statements") of University of Bath for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the University's Council set out on page 15 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them;
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

Emma Holiday
For and on behalf of KPMG LLP
Statutory Auditor,
Chartered Accountants
100 Temple Street
Bristol BS1 6AG
United Kingdom

26 November 2015

Statement of Principal Accounting Policies

1 Accounting Convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of endowment asset investments and tangible fixed assets, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP), as revised in October 2007, and applicable accounting standards.

The financial statements have been prepared on a going concern basis. The Group has substantial reserves and forecasts continuing surpluses. The Council is therefore satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

2 Basis of Consolidation

These financial statements consolidate the results of the University and its subsidiary undertaking for the financial year to 31 July 2015.

The consolidated financial statements do not include those of the University of Bath Students' Union as it is a separate organisation over which the University does not exercise dominant control.

3 Recognition of Income

Income from funding council block grants is accounted for in the period to which it relates. Fee income is stated gross of bursaries, but net of discounts, over the period in which the students are studying.

Income from research grants and contracts, and specific grants, is included to the extent of the expenditure incurred during the year, together with any related contribution towards overhead costs. All income from short-term investments and deposits is credited to the Income and Expenditure Account on a receivable basis. Income from investments held as endowment assets is also credited on a receivable basis.

4 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end

rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

5 Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations is treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

6 Pensions

The two principal pension schemes in which the University participates are the Universities Superannuation Scheme (USS) and the Avon Pension Fund (a local government pension scheme), both of which are defined benefit schemes, externally funded and contracted out of the State Second Pension (S2P). The assets of these schemes are held in separate trustee-administered funds.

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined contribution scheme, so that the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in the accounting period. This is the position with USS.

Where it is possible to identify its share of the underlying assets and liabilities in a scheme it accounts as if the scheme were a defined benefit scheme under FRS 17. This is the case with the Avon Pension Fund. The current service cost of providing retirement benefits to employees during the year, the cost of providing amendments to benefits in respect of past service and any gains and losses on settlements and curtailments are charged to the operating surplus or deficit in the year within staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return or net cost within interest payable. Changes in the pension surplus or deficit due to changes in actuarial assumptions and to differences between actual and expected returns

Statement of Principal Accounting Policies

on assets are reported in the Statement of Total Recognised Gains and Losses. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the Balance Sheet.

7 Land and Buildings

Land and buildings were previously stated at cost. Land and buildings are now stated at valuation or cost. The University changed its accounting policy so that it recorded the true value of the Land and Buildings it uses. The basis of the valuation is a combination of depreciated replacement cost, existing use and open market value depending on the nature of the property. Full valuations are carried out every five years by an independent Chartered Surveyor, the first such valuation taking place at 31 July 2014. Land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over a maximum period of 50 years; the remaining expected life of buildings is reviewed annually by an appropriately qualified member of the Estates Department and where material the accumulated and future depreciation is adjusted in accordance with FRS15. Land and Building additions since the last valuation and assets in the course of construction are valued at cost, depreciation commences at the beginning of the year following occupation.

Building refurbishments are depreciated over a period of up to 25 years.

Assets under the course of construction are all valued at cost and include a mixture of refurbishments and improvements to existing buildings that have been subject to a valuation and construction costs of new buildings.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

Interest is capitalised where it is incurred in the construction of new buildings which are substantially funded by loans arranged by the University. The cost is depreciated in line with the building.

8 Maintenance of Premises

The cost of routine corrective maintenance is charged to the Income and Expenditure Account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis. Actual expenditure on planned maintenance is charged to the Income and Expenditure Account as incurred.

9 Equipment

Equipment costing less than £10,000 per individual item is written off in the year of acquisition unless it forms part of a group of related items or part of a capital project, in which case it is capitalised if the total cost exceeds £10,000. Individual items of equipment costing in excess of £10,000 are capitalised.

Capitalised equipment is stated at cost or, where donated, at valuation, and depreciated, on a straight line basis, as follows:

General equipment	- 5 years
Furniture	- 5 years
Catering equipment	- 7 years
Equipment required for specific grants	- project life (generally 3 years)

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

Where equipment is donated, the asset is recorded at valuation. The donation is recorded as income in the income and expenditure account in the year it is received.

10 Investments

Fixed assets investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Endowment asset investments are included in the Balance Sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

11 Stocks

The principal stocks are held in catering, building maintenance, printing, stationery and postage held centrally and some distance learning materials. They are valued at the lower of cost and net realisable value.

12 Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

13 Taxation Status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

14 Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if, in practice, they are available within 24 hours without penalty. No investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, equities and loan stock held as part of the University's treasury management activities. They include any such assets held as Endowment Asset Investments.

15 Accounting for Charitable Donations and Endowments

Charitable donations that are not to be retained for the benefit of the institution are treated as income and recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Where charitable donations, other than for tangible fixed assets, are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution;
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can expend the sum donated in pursuance of this objective;
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset. Where that asset is the purchase of land, then the full amount of the deferred capital grant is released in the year of purchase and taken to the income and expenditure account as a donation in other income.

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the Year Ended 31 July 2015

	Note	2015	2014
		£000	£000
Income			
Funding council grants	1	36,352	41,032
Tuition fees and education contracts	2	120,240	106,577
Research grants and contracts	3	36,747	30,719
Other income	4	47,596	42,746
Endowment and investment income	6	2,460	1,699
		<u>243,395</u>	<u>222,773</u>
Expenditure			
Staff costs	7	125,571	117,061
Other operating expenses	8	76,764	70,272
Depreciation	8	19,851	13,413
Interest payable	9	4,975	4,828
		<u>227,161</u>	<u>205,574</u>
Surplus after depreciation of tangible fixed assets at cost/valuation and before exceptional items		16,234	17,199
Exceptional Items :			
Surplus/(Loss) on disposal of fixed assets	11	107	(475)
Surplus after depreciation of tangible fixed assets at cost/valuation and after exceptional items		<u>16,341</u>	<u>16,724</u>
Taxation	3	(692)	-
Surplus on continuing operations after depreciation of assets at cost/valuation, exceptional items and tax		15,649	16,724
Transfer from accumulated income in endowment funds	15	114	141
Surplus for year retained within general reserves		<u>15,763</u>	<u>16,865</u>

The consolidated income and expenditure account is wholly in respect of continuing operations.

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the Year Ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at cost/valuation, exceptional items and tax		15,649	16,724
Difference between historical cost depreciation charge and the actual depreciation for the year calculated on the revalued amount		7,436	-
Historical cost surplus for the year		<u>23,085</u>	<u>16,724</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

For the Year Ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at cost/valuation, exceptional items and tax		15,649	16,724
New endowments	22	211	179
Increase in market value of endowment investments	22	235	106
Actuarial (loss) in respect of pension scheme	33	(5,864)	(262)
Total recognised gains relating to the year		<u>10,231</u>	<u>16,747</u>
Reconciliation			
Opening reserves and endowments		388,725	100,044
Total recognised gains in year		10,231	16,747
Unrealised surplus on revaluation of Land and Buildings		-	271,934
Closing reserves and endowments		<u>398,956</u>	<u>388,725</u>

BALANCE SHEETS AS AT 31 JULY 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed Assets					
Tangible assets	13	598,389	569,470	599,890	571,472
Investments	14	724	775	724	775
Total fixed assets		599,113	570,245	600,614	572,247
Endowment Asset Investments	15	5,117	4,785	5,117	4,785
Current Assets					
Stock		849	746	849	746
Debtors	16	17,974	14,084	17,974	14,084
Investments	17	113,339	111,252	113,339	111,252
Cash at bank and in hand		2,994	10,833	2,849	10,729
		135,156	136,915	135,011	136,811
Creditors : Amounts Falling Due Within One Year	18	(54,296)	(49,633)	(54,296)	(49,633)
Net Current Assets		80,860	87,282	80,715	87,178
Total Assets Less Current Liabilities		685,090	662,312	686,446	664,210
Creditors : Amounts Falling Due After More Than One Year	19	(159,640)	(161,720)	(159,640)	(161,720)
Net Assets Excluding Pension Liability		525,450	500,592	526,806	502,490
Net Pension Liability	33	(33,166)	(26,047)	(33,166)	(26,047)
Net Assets Including Pension Liability		492,284	474,545	493,640	476,443
Deferred Capital Grants	21	93,328	85,820	93,236	85,716
Endowments	22				
Expendable		3,163	2,943	3,163	2,943
Permanent		1,954	1,842	1,954	1,842
		5,117	4,785	5,117	4,785
Reserves					
Revaluation reserve	23	271,934	271,934	271,934	271,934
Income and expenditure account excluding Pension reserve	24	155,071	138,053	156,519	140,055
Pension reserve	33	(33,166)	(26,047)	(33,166)	(26,047)
Total Reserves		393,839	383,940	395,287	385,942
Total Funds		492,284	474,545	493,640	476,443

The Financial Statements on pages 19 to 49 were approved by the Council on 26th November 2015 and signed on its behalf by:

Professor Dame Glynis Breakwell
Vice-Chancellor

Mr Peter Wyman
Treasurer and Vice Chair of Council

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	27	32,369	30,352
Returns on investments and servicing of finance	28	(2,567)	(3,099)
Capital expenditure and financial investment	29	(33,418)	(53,621)
		<hr/>	<hr/>
Cash (outflow) before use of liquid resources and financing		(3,616)	(26,368)
Management of liquid resources	30	(2,087)	(37,637)
Financing	31	(2,080)	62,900
		<hr/>	<hr/>
(Decrease) in cash in the period		<u>(7,783)</u>	<u>(1,105)</u>

Reconciliation of Net Cash Flow To Movement in Net Debt

	Note	2015 £000	2014 £000
(Decrease) in cash in the period		(7,783)	(1,105)
Increase in liquid and current investments	30	2,087	37,637
Decrease/(Increase) in loans and finance leases	31	2,080	(62,900)
		<hr/>	<hr/>
(Increase) in net debt		(3,616)	(26,368)
Net debt at 1 August	32	(40,605)	(14,237)
		<hr/>	<hr/>
Net debt at 31 July	32	<u>(44,221)</u>	<u>(40,605)</u>

Notes to the Accounts

1 FUNDING COUNCIL GRANTS

	Consolidated	
	2015	2014
	£000	£000
HEFCE grants		
Core grant	33,150	37,478
Specific grants	407	92
Joint Information Systems Committee	306	197
Teaching Agency grants	-	(1)
HEFCE capital grants		
Deferred capital grants released in year (Note 21)	2,489	3,266
	<u>36,352</u>	<u>41,032</u>

2 TUITION FEES AND EDUCATION CONTRACTS

	Consolidated	
	2015	2014
	£000	£000
Full-time UK higher education students	58,723	49,982
Full-time EU higher education students	10,051	8,414
Full time overseas higher education students	38,652	36,533
Part-time higher education students	4,733	3,994
Short course fees	2,205	2,285
Research training support grants and other fees	5,876	5,369
	<u>120,240</u>	<u>106,577</u>

3 RESEARCH GRANTS AND CONTRACTS

	Consolidated	
	2015	2014
	£000	£000
Research Councils	19,338	17,288
UK charitable bodies	2,116	1,827
European Commission	4,049	3,520
Other sponsors	11,244	8,084
	<u>36,747</u>	<u>30,719</u>
Other sponsors includes		
Research and Development Expenditure Credits (RDEC)	<u>3,168</u>	<u>-</u>
UK Corporation Tax	<u>(692)</u>	<u>-</u>

The UK Corporation tax for the year arises from the claim for Research and Development Expenditure Credits (RDEC). Tax is due at the following rates 2014/15 20.67%, 2013/14 22.33% and 2012/13 22.67%. The RDEC claims cover the 28 month period 1 April 2013 to 31 July 2015.

The rest of the surplus for the year is exempt from taxation by virtue of its charitable nature.

Research income includes £2,293k (2014: £1,808k) of income released from deferred capital grants.

4 OTHER INCOME

	Consolidated	
	2015	2014
	£000	£000
Residences, catering and conferences	28,146	22,286
Other services rendered (Note 5)	7,211	7,953
Retail income	4,233	4,010
Miscellaneous grants	845	748
Rents	623	557
Release of deferred capital grants	1,029	1,082
Donations	1,396	1,352
VAT recovery	628	1,358
Health and hospital authorities	295	361
Car parking	329	357
Westwood Nursery	400	419
Income from intellectual property rights	355	343
Other income	2,106	1,920
	<u>47,596</u>	<u>42,746</u>

5 OTHER SERVICES RENDERED (see Note 4)

	Consolidated	
	2015	2014
	£000	£000
Academic departments & centres	1,808	1,708
Computing, library & other academic services	939	840
Sports and related facilities	4,062	4,976
Other	402	429
	<u>7,211</u>	<u>7,953</u>

6 ENDOWMENT AND INVESTMENT INCOME

	Consolidated	
	2015	2014
	£000	£000
Income from endowments (Note 22)	141	74
Net income from short-term investments	104	315
Other interest receivable	2,215	1,310
	<u>2,460</u>	<u>1,699</u>

Notes to the Accounts

7 STAFF COSTS

	Consolidated	
	2015	2014
	£000	£000
Wages and salaries	99,695	93,198
Social security costs	7,775	7,341
Pension costs (Note 33)	21,039	19,341
	<u>128,509</u>	<u>119,880</u>
less: paid on behalf of other organisations	(2,857)	(2,718)
less: capitalised within the cost of buildings	(81)	(101)
	<u><u>125,571</u></u>	<u><u>117,061</u></u>

Emoluments of the Vice-Chancellor

Salary and benefits in kind	389	378
Other Allowances	17	17
Pension contributions	-	-
	<u>406</u>	<u>395</u>

The University has made available to the Vice-Chancellor during the year a car loan as a cost-effective means of providing the benefits to which she is contractually entitled. The car loan was in existence at the start of the year and the balance remained unchanged throughout the year at £31,489. The cost to the University of providing the loan is included in the Vice-Chancellor's emoluments.

Remuneration of other higher paid staff

Remuneration of other higher paid staff, including employer's pension contributions (and also including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are excluded from the University's Income and Expenditure Account):

	2015	2014
	Number	Number
£100,000 - £109,999	22	19
£110,000 - £119,999	16	15
£120,000 - £129,999	7	10
£130,000 - £139,999	5	2
£140,000 - £149,999	2	2
£150,000 - £159,999	3	2
£160,000 - £169,999	1	1
£170,000 - £179,999	2	3
£180,000 - £189,999	4	3
£190,000 - £199,999	-	1

7 STAFF COSTS (continued)

	Consolidated	
	2015 Number	2014 Number
Average staff numbers by major category:		
Education & Research	1,091	1,037
Technical & Experimental	132	146
Management, Specialist & Administrative	964	900
Operational & Facilities Support	514	489
	2,701	2,572

8 ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated					
					2015	2014
	Staff Costs	Other Operating Expenses	Dep'n	Interest Payable	Total	Total
	£000	£000	£000	£000	£000	£000
Academic departments	66,452	18,261	1,114	-	85,827	80,618
Academic services						
Computing services	4,072	3,023	641	-	7,736	6,787
Library	2,278	3,600	63	-	5,941	5,272
Other academic services	4,635	933	179	-	5,747	4,724
Central administration	11,306	3,418	-	-	14,724	13,422
General educational expenditure	2,415	11,978	3	-	14,396	12,107
Staff and student facilities	3,900	2,455	119	-	6,474	6,186
Premises	6,094	9,123	11,283	1,938	28,438	23,731
Residences and catering operations	7,559	13,565	4,156	3,003	28,283	23,933
Research grants and contracts	13,943	7,727	2,293	-	23,963	21,892
Other services rendered	2,418	2,394	-	86	4,898	5,439
Other expenses	499	287	-	(52)	734	1,463
	125,571	76,764	19,851	4,975	227,161	205,574

The depreciation charge has been funded by :

	Consolidated	
	2015 £000	2014 £000
Deferred capital grants released (Note 21)	5,811	6,162
General Income	14,040	7,251
	19,851	13,413

Notes to the Accounts

8 ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

Other Operating Expenses include :	Consolidated	
	2015 £000	2014 £000
External Auditors Remuneration (Group and University)		
- Audit Services - Consolidated financial statements	54	54
- Grant claims	-	10
- Other Fees	58	-
- US federal loan	2	2
	<u>114</u>	<u>66</u>
Operating Lease Rentals		
- Land and Buildings	4,713	5,306
- Other	134	108
	<u>4,847</u>	<u>5,414</u>

Reimbursements to Council Members for expenditure incurred whilst carrying out their duties amounted to £4,360 (2014: £4,883.)

Council Members did not receive any remuneration from the University.

9 INTEREST AND OTHER FINANCE COST

	Consolidated	
	2015 £000	2014 £000
Loans not wholly repayable within five years	5,027	4,796
Finance leases	-	2
Net interest on local government pension scheme (Note 33)	(52)	30
	<u>4,975</u>	<u>4,828</u>

10 RELATED PARTY TRANSACTIONS

The operating statements of the University include transactions with related parties. In accordance with FRS 8 'Related Party Transactions' these are disclosed where members of the University Council disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party.

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest that took place in the year were conducted at arms length and in accordance with the University's financial regulations and normal procurement procedures.

Vinci Construction (UK) Limited.

On 23 September 2014 the University appointed Vinci Construction (UK) Limited to carry out the construction of 10 West at a contract sum of £20m (including VAT). Vinci PLC is the parent company of Vinci Construction (UK) Limited, which also undertook the construction of The Chancellor's Building. In 2014/15 payments of £8.2m were made to Vinci Construction UK Ltd. At 31 July 2015 the balance outstanding was £15.4m. A member of Council resigned from his position as Chairman of Vinci PLC on 30 September 2014. All University procurement contracts are conducted at arms-length.

Universities Superannuation Scheme Ltd (USS).

USS provide a pension scheme for University staff, details of the transactions with USS are disclosed in Note 33. Professor Dame Glynis Breakwell is a Director of Universities Superannuation Scheme Ltd.

Student Loans Company (SLC).

The Student Loans Company provide financial support to students across the UK. In 2014/15 the University received £54m via the SLC and the University owed the SLC £800k at 31 July 2015. Professor Dame Glynis Breakwell is a Non Executive Director of the SLC.

Economic and Social Research Council (ESRC).

The ESRC is the UK's largest organisation for funding research on economic and social issues. In 2014/15 the University received £891k from the ESRC. The current portfolio value of ESRC awards as at 31 July 2015 was £2,490,930. Professor Dame Glynis Breakwell is a member of the ESRC Council.

11 DISPOSAL OF FIXED ASSETS

	Consolidated	
	2015	2014
	£000	£000
(Surplus)/loss on disposal of tangible fixed assets (note 13)	(24)	5,329
Release of deferred capital grant on disposal of Leasehold Buildings (Note 21)	-	(4,485)
(Surplus) on sale of fixed asset investments (Note 14)	(83)	(369)
	<u>(107)</u>	<u>475</u>

Deferred capital grants were released where buildings that were funded from HEFCE or other capital grants had been disposed of in proportion to value of the grant received and the cost of the building.

12 CAPITAL COMMITMENTS AND LEASE OBLIGATIONS

	Consolidated	
	2015	2014
	£000	£000
Funded by :-		
University funds	29,541	5,767
HEFCE grants	3,709	1,666
Capital commitments contracted at 31 July	<u>33,250</u>	<u>7,433</u>

In addition, the University had annual operating lease commitments in respect of leased property on leases that expire after 5 years of £4,653k (2014: £4,575k.)

Notes to the Accounts

13 TANGIBLE FIXED ASSETS

	Consolidated				
	Land and Buildings		Equipment	Assets in	Total
	Freehold £000	Long Leasehold £000	£000	the Course of Construction £000	£000
Valuation/Cost					
At 1 August 2014	8,103	528,461	60,552	45,294	642,410
Adjustment to cost and depreciation to reflect classification of revaluation for accounting purposes	-	(17,504)	-	-	(17,504)
Additions at Cost	16	6,988	6,138	35,628	48,770
Disposals	-	(1,861)	(1,094)	-	(2,955)
Reclassifications	6,653	49,607	1,506	(57,766)	-
At 31 July 2015	<u>14,772</u>	<u>565,691</u>	<u>67,102</u>	<u>23,156</u>	<u>670,721</u>
Depreciation					
At 1 August 2014	599	22,122	50,219	-	72,940
Adjustment to cost and depreciation to reflect classification of revaluation for accounting purposes	-	(17,504)	-	-	(17,504)
Charge in Year	333	14,338	5,180	-	19,851
Disposals	-	(1,861)	(1,094)	-	(2,955)
At 31 July 2015	<u>932</u>	<u>17,095</u>	<u>54,305</u>	<u>-</u>	<u>72,332</u>
Net Book Value					
At 31 July 2015	<u><u>13,840</u></u>	<u><u>548,596</u></u>	<u><u>12,797</u></u>	<u><u>23,156</u></u>	<u><u>598,389</u></u>
At 1 August 2014	<u><u>7,504</u></u>	<u><u>506,339</u></u>	<u><u>10,333</u></u>	<u><u>45,294</u></u>	<u><u>569,470</u></u>

The revaluation of two properties has been adjusted between cost and accumulated depreciation for accounting purposes. The impact on net book value is £nil.

13 TANGIBLE FIXED ASSETS (continued)

	University				
	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
	£000	£000	£000	£000	£000
Valuation/Cost					
At 1 August 2014	8,103	530,214	60,552	45,294	644,163
reflect classification of revaluation for	-	(17,504)	-	-	(17,504)
Additions at Cost	16	6,988	6,138	35,628	48,770
Disposals	-	(1,861)	(1,094)	-	(2,955)
Reclassifications	6,653	49,607	1,506	(57,766)	-
At 31 July 2015	<u>14,772</u>	<u>567,444</u>	<u>67,102</u>	<u>23,156</u>	<u>672,474</u>
Depreciation					
At 1 August 2014	599	21,874	50,218	-	72,691
reflect classification of revaluation for	-	(17,504)	-	-	(17,504)
Charge in Year	333	14,839	5,180	-	20,352
Disposals	-	(1,861)	(1,094)	-	(2,955)
At 31 July 2015	<u>932</u>	<u>17,348</u>	<u>54,304</u>	<u>-</u>	<u>72,584</u>
Net Book Value					
At 31 July 2015	<u>13,840</u>	<u>550,096</u>	<u>12,798</u>	<u>23,156</u>	<u>599,890</u>
At 1 August 2014	<u>7,504</u>	<u>508,340</u>	<u>10,334</u>	<u>45,294</u>	<u>571,472</u>

The University revalued its freehold and leasehold Land & Building with effect from 31 July 2014, the valuation was carried out by Eddisons Commercial Limited, an external Chartered Surveyor on the basis of Existing Use, Depreciated Replacement Cost or Market Valuation according to the nature and use of each building. The valuation was prepared in accordance with the Valuation Standards published by the Royal Institute of Chartered Surveyors.

Freehold and Leasehold Land and Buildings measured by valuation at 31 July 2015 includes the following historical cost:-

	Consolidated	
	2015 £000	2014 £000
Freehold Land and Buildings	5,312	5,296
Leasehold Land and Buildings	325,832	320,901

Leasehold Land and Buildings includes land with a value of £75m which is not depreciated.

Notes to the Accounts

14 FIXED ASSET INVESTMENTS

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
At 1 August				
Other investments	775	919	775	919
	<hr/>	<hr/>	<hr/>	<hr/>
	775	919	775	919
Acquisition of investments	-	50	-	50
Disposal of investments	(30)	(165)	(30)	(165)
Write-down of investments	(21)	(29)	(21)	(29)
At 31 July				
Other investments	724	775	724	775
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 July	<u>724</u>	<u>775</u>	<u>724</u>	<u>775</u>

Fixed asset investments were written down in the year on the basis of the most recent portfolio valuation, which indicated a £21k impairment.

Subsidiary companies

The University owns 100% of the following company which is registered in England:-

<i>Company Name</i>	<i>Principal Activities</i>	<i>Share holding</i>	<i>Year end</i>
University of Bath Three Ltd	Dormant	100 £1 ordinary	31 July

The consolidated results of the group incorporate those of the University of Bath Foundation Ltd, a not-for-profit organisation registered in the United States to fundraise in that country. The University owns 100% of the Foundation.

14 FIXED ASSET INVESTMENTS (continued)**Other investments**

		Consolidated	
		2015	2014
		£	£
<i>Included above:</i>			
CVCP Properties plc	£1 ordinary shares	35,813	35,813
Bath Crescent Seedcorn Fund	Investment	688,412	739,132
		<u>724,225</u>	<u>774,945</u>

The University holds the following investments as part of the Bath Crescent Seedcorn Fund:-

Company	Value		%		Type of shares
	£	No. of shares	Holding at 31 July 2015	Holding at 31 July 2014	
Apitope International NV	69,234	119,267	1.30	1.30	A Ordinary shares
Atlas Genetics Ltd	50,130	1,178	0.30	0.50	778 Ordinary shares (0.1p) and 400 Series B Shares
Azellon Limited	-	12,967	2.70	2.70	A Ordinary shares (0.1p)
CITEAB	50,000	40,000	23.81	23.81	Ordinary shares (0.1p)
Glythera Limited	172,970	33,289	12.84	12.84	Ordinary shares (0.1p)
Ilika plc	6,589	26,356	0.04	1.13	Ordinary shares (1p)
Karus Therapeutics Limited	-	1,297	0.60	0.60	Ordinary shares (0.01p)
KWS Biotest	19,500	39	5.20	5.20	B shares (100p)
Micrima Limited	-	132,908	3.15	3.15	Ordinary shares (0.1p)
Perpetuum Ltd	-	141,868	0.80	0.80	Ordinary shares (0.05p)
Boxarr Ltd	12,227	3,705	0.90	0.90	Ordinary shares (1p)
Xmos Ltd	-	64,185	0.00	0.00	Ordinary shares (0.0001p)
Revolymmer plc	166,116	294,010	0.52	0.52	Ordinary shares (0.8p)
Stratophase Ltd	-	11,251	0.76	0.76	Ordinary shares (0.1p)
Symetrica Ltd	141,646	8,257	1.73	1.90	7180 Ordinary shares (0.1p) and 1077 A Ordinary shares (0.1p)
		<u>688,412</u>			

Percentage holding is calculated on fully diluted ordinary shares which rank pari passu with each other.

Notes to the Accounts

14 FIXED ASSET INVESTMENTS (continued)

The only disposal during the year was of 19,767 Ilika plc shares.

	Consolidated
	2015
	£000
Disposal of investment	(29)
Cash received	112
	<hr/>
Surplus on sale (Note 11)	<u>83</u>

The University also holds investments in the following companies which are included at nil cost:-

Company	No. of shares	Type of shares	
Atlas Genetics Limited	600	1p	ordinary shares
Glythera Ltd	53,288	0.1p	ordinary shares

The University's total holdings in Glythera Ltd amount to 86,577 shares: 53,288 held directly by the University and a further 33,289 held through the Bath Crescent Seedcorn Fund. Although this represents 36.73% of the company's total shares, the University does not exercise a significant influence over the company, and it is therefore not accounted for as an associate.

15 ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Balance at 1 August	4,785	4,641	4,785	4,641
New endowments (Note 22)	211	179	211	179
Increase in market value of investments	235	106	235	106
Income generated less expenditure	(114)	(141)	(114)	(141)
	<u>5,117</u>	<u>4,785</u>	<u>5,117</u>	<u>4,785</u>
Balance at 31 July	<u>5,117</u>	<u>4,785</u>	<u>5,117</u>	<u>4,785</u>
Quoted investments	3,951	3,675	3,951	3,675
Cash and other short term investments	1,166	1,110	1,166	1,110
	<u>5,117</u>	<u>4,785</u>	<u>5,117</u>	<u>4,785</u>
Total endowment asset investments	<u>5,117</u>	<u>4,785</u>	<u>5,117</u>	<u>4,785</u>
Quoted investments at cost	<u>3,641</u>	<u>3,566</u>	<u>3,641</u>	<u>3,566</u>

16 DEBTORS

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
Prepayments and accrued income	4,517	3,066	4,517	3,066
Sponsored research	5,965	6,239	5,965	6,239
Other debtors	7,492	4,779	7,492	4,779
	<u>17,974</u>	<u>14,084</u>	<u>17,974</u>	<u>14,084</u>
Due within one year	17,691	13,788	17,691	13,788
Due in more than one year	283	296	283	296
	<u>17,974</u>	<u>14,084</u>	<u>17,974</u>	<u>14,084</u>

Debtors due in more than one year are all Other debtors.

Notes to the Accounts

17 CURRENT ASSET INVESTMENTS

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Quoted investments	29,970	14,864	29,970	14,864
Certificates of deposit	33,369	44,826	33,369	44,826
Fixed deposit	38,000	45,000	38,000	45,000
Gilts & Other Fixed Interest investments	12,000	6,562	12,000	6,562
	<u>113,339</u>	<u>111,252</u>	<u>113,339</u>	<u>111,252</u>
Quoted investments at market value	<u>35,238</u>	<u>16,596</u>	<u>35,238</u>	<u>16,596</u>
Gilts & Other Fixed Interest investments at market value	<u>12,002</u>	<u>7,727</u>	<u>12,002</u>	<u>7,727</u>

The quoted investments also comprise the University's holding of shares in the spin out companies of Publishing Technology plc (formerly ingenta plc), which had a market value at 31 July 2015 of £25,509 (2014: £32,511) and Vectura Group plc, which had a market value at 31 July 2015 of £44,875 (2014: £35,250.)

18 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans	2,080	2,080	2,080	2,080
Other creditors including taxation and social security	9,664	9,966	9,664	9,966
Accruals and Deferred income	42,552	37,587	42,552	37,587
	<u>54,296</u>	<u>49,633</u>	<u>54,296</u>	<u>49,633</u>

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans (Note 20)	159,640	161,720	159,640	161,720
Total due after more than one year	<u>159,640</u>	<u>161,720</u>	<u>159,640</u>	<u>161,720</u>

20 BORROWINGS

<i>Analysis of Financing</i>	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	2,080	2,080	2,080	2,080
Between one and two years	5,035	2,080	5,035	2,080
Between two and five years	15,104	15,104	15,104	15,104
In five years or more	139,501	144,536	139,501	144,536
	<u>161,720</u>	<u>163,800</u>	<u>161,720</u>	<u>163,800</u>

The University has drawn down three loans in full, two loans of £52m each and a third of £65m.

Loan 1

Rate		Base Rate/LIBOR + margin + MLAs
Repayment - Tranche 1	£26m	Quarterly repayments from Dec 2011 to Sept 2036
- Tranche 2	£26m	20% Sept 2026; 20% Sept 2031; 60% Sept 2036

Loan 2

Rate		LIBOR + margin + MLAs
Repayment - Tranche 1	£26m	Quarterly repayments from June 2012 to March 2037
- Tranche 2	£26m	£5m March 2022; £6m March 2027; £15m March 2032

Loan 3

Rate		Fixed rate of 4.021%
Repayment	£65m	22 Annual repayments of £2,955k from 31 July 2017.

The University has entered into three interest rate swap agreements in relation to elements of the two £52m loans it holds. These swaps mean that the rates below are applied, instead of varying with LIBOR and Bank of England rates :-

Amount subject to swap £m	Interest Rate %	Expiry Date
10.00	4.92%	June 2027
19.09	5.16%	December 2036
10.00	3.95%	November 2037
<u>39.09</u>		

The June 2027 interest rate swap is based on the Retail Price Index (RPI), updated annually.

Notes to the Accounts

21 DEFERRED CAPITAL GRANTS

	Consolidated		
	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2014			
Land & Buildings	59,046	22,586	81,632
Equipment at Cost	1,802	2,184	3,986
Equipment at Valuation	-	202	202
	<u>60,848</u>	<u>24,972</u>	<u>85,820</u>
Grants receivable			
Land & Buildings	3,709	5,862	9,571
Equipment at Cost	-	3,748	3,748
Released to Income and Expenditure			
Land & Buildings	1,796	891	2,687
Equipment at Cost	693	2,328	3,021
Equipment at Valuation	-	103	103
At 31 July 2015			
Land & Buildings	60,959	27,557	88,516
Equipment at Cost	1,109	3,604	4,713
Equipment at Valuation	-	99	99
	<u>62,068</u>	<u>31,260</u>	<u>93,328</u>
	University		
	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2014			
Land & Buildings	58,941	22,587	81,528
Equipment at Cost	1,802	2,184	3,986
Equipment at Valuation	-	202	202
	<u>60,743</u>	<u>24,973</u>	<u>85,716</u>
Grants receivable			
Land & Buildings	3,709	5,862	9,571
Equipment at Cost	-	3,748	3,748
Released to Income and Expenditure			
Land & Buildings	1,784	891	2,675
Equipment at Cost	693	2,328	3,021
Equipment at Valuation	-	103	103
At 31 July 2015			
Land & Buildings	60,866	27,558	88,424
Equipment at Cost	1,109	3,604	4,713
Equipment at Valuation	-	99	99
	<u>61,975</u>	<u>31,261</u>	<u>93,236</u>

22 ENDOWMENTS (Consolidated and University)

	Restricted Permanent £000	Restricted Expendable £000	2015 Total £000	2014 Total £000
At 1 August				
Capital	1,809	2,782	4,591	4,461
Accumulated Income	33	161	194	180
	<u>1,842</u>	<u>2,943</u>	<u>4,785</u>	<u>4,641</u>
New endowments	4	207	211	179
Investment income	38	103	141	74
Expenditure - from capital	-	(141)	(141)	(155)
Expenditure - from income	(35)	(79)	(114)	(60)
Increase in market value of investments	105	130	235	106
	<u>1,954</u>	<u>3,163</u>	<u>5,117</u>	<u>4,785</u>
At 31 July				
Representing:				
Capital	1,918	2,978	4,896	4,591
Accumulated Income	36	185	221	194
	<u>1,954</u>	<u>3,163</u>	<u>5,117</u>	<u>4,785</u>

23 REVALUATION RESERVE

	2015 £000	2014 £000
Balance at 1 August	271,934	-
Revaluations in year	-	271,934
	<u>271,934</u>	<u>271,934</u>
Balance at 31 July	<u>271,934</u>	<u>271,934</u>

Notes to the Accounts

24 INCOME & EXPENDITURE ACCOUNT RESERVES

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
At 1 August				
excluding pension reserve	138,053	122,140	140,055	124,745
pension reserve (Note 33)	(26,047)	(26,737)	(26,047)	(26,737)
Surplus for the year				
excluding pension reserve	16,904	15,772	16,350	15,169
relating to the pension reserve (Note 33)	(1,255)	952	(1,255)	952
Net Surplus for the year	15,649	16,724	15,095	16,121
Transfer from accumulated income in endowment funds	114	141	114	141
Actuarial (Loss) on pension scheme (Note 33)	(5,864)	(262)	(5,864)	(262)
At 31 July				
excluding pension reserve	155,071	138,053	156,519	140,055
pension reserve (Note 33)	(33,166)	(26,047)	(33,166)	(26,047)

25 HARDSHIP, ACCESS BURSARY AND ACCESS FUNDS

	2015 £000	2014 £000
Balance at 1 August	42	76
Higher Education Funding Council for England grants	-	94
Interest earned	-	1
	42	171
Disbursements & Fees	(42)	(129)
Balance at 31 July	-	42

The above Funding Council grants are available solely for students. The University acts only as a paying agent. The grants and related disbursements are excluded from the Income and Expenditure Account.

26 BURSARIES FROM THE TEACHING AGENCY

	2015 £000	2014 £000
Balance at 1 August	16	(4)
Grant received	-	993
Disbursements	(9)	(973)
Balance at 31 July	7	16

The above bursaries are available solely for students. The University acts only as a paying agent. The grant and related disbursements are excluded from the Income and Expenditure Account.

27 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Surplus on continuing operations after exceptional items and tax	15,649	16,724
Pension cost less contributions payable (Note 33)	1,307	(982)
Depreciation (Note 13)	19,851	13,413
Deferred capital grants released to income (Note 21)	(5,811)	(10,647)
Net (surplus)/loss on disposal of tangible fixed assets (Note 11)	(24)	5,329
Net (surplus) on sale of fixed asset investments (Note 11)	(83)	(369)
Write-down of fixed asset investments (Note 14)	21	29
Endowment and investment income receivable (Note 6)	(2,460)	(1,699)
Interest payable (Note 9)	4,975	4,828
(Increase) in stocks	(103)	(60)
(Increase) in debtors on operating activities	(3,890)	(1,302)
Increase in creditors on operating activities	2,937	5,088
	<u>32,369</u>	<u>30,352</u>

28 CONSOLIDATED RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £000	2014 £000
Income received from endowments (Note 6)	141	74
Income received from short term investments (Note 6)	104	315
Other interest received (Note 6)	2,215	1,310
Interest paid:		
- Other interest paid (Note 9)	(5,027)	(4,796)
- Finance leases (Note 9)	-	(2)
	<u>(2,567)</u>	<u>(3,099)</u>

29 CONSOLIDATED CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £000	2014 £000
Purchase of tangible fixed assets	(47,042)	(57,709)
(Sales) of endowment asset investments	(42)	(1,195)
Receipts from sales of tangible fixed assets	24	13
Receipts from sale of fixed asset investment (Note 14)	112	534
Deferred capital grants received (Note 21)	13,319	4,557
Endowments received (Note 22)	211	179
	<u>(33,418)</u>	<u>(53,621)</u>

Notes to the Accounts

30 CONSOLIDATED MANAGEMENT OF LIQUID RESOURCES

	2015 £000	2014 £000
Net (purchases) of quoted investments	(15,106)	(9,655)
Net sales/(purchases) of certificates of deposit	11,457	(33,605)
Net (purchases) of gilts & other fixed interest investments	(5,438)	(377)
Net disposal to fixed term deposits	7,000	6,000
	<u>(2,087)</u>	<u>(37,637)</u>
Net (increase) in liquid resources	<u>(2,087)</u>	<u>(37,637)</u>

31 ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR

	Loans £000	2015 Total £000	2014 Total £000
Balance outstanding at 1 August	163,800	163,800	100,900
New loans	-	-	65,000
Capital repayments	(2,080)	(2,080)	(2,100)
Net (decrease)/increase in year	(2,080)	(2,080)	62,900
	<u>161,720</u>	<u>161,720</u>	<u>163,800</u>
Balance outstanding at 31 July	<u>161,720</u>	<u>161,720</u>	<u>163,800</u>

32 ANALYSIS OF CHANGES IN CONSOLIDATED NET DEBT

	At 1 Aug 2014 £000	Cash Flows £000	Other Changes £000	At 31 July 2015 £000
Cash				
Held in endowment asset investments	1,110	56	-	1,166
Cash held for investment	-	-	-	-
Other cash	10,833	(7,839)	-	2,994
	<u>11,943</u>	<u>(7,783)</u>	<u>-</u>	<u>4,160</u>
Other current asset investments (Note 17)	111,252	2,087	-	113,339
Debt due within one year (Note 18)	(2,080)	2,080	(2,080)	(2,080)
Debt due after one year (Note 19)	(161,720)	-	2,080	(159,640)
	<u>(40,605)</u>	<u>(3,616)</u>	<u>-</u>	<u>(44,221)</u>

33 PENSIONS**Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 148,000 active members and the University has 1,883 active members at 31 July 2015.

The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2015, the percentage was 16% (2014: 16%).

The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £21m (2014: £19m) as shown in note 7. There was neither a prepayment nor an accrual at the year end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:-

	2015	2014
Discount rate:	3.30%	4.50%
	3.5% (then 4.0% after first year)	4.40%
Pensionable salary growth:		
Price inflation (CPI):	2.20%	2.60%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:-

Male members' mortality: s1NA ["light"] YoB tables - no age rating

Female members' mortality: s1NA ["light"] YoB tables - rated down 1 year

33 PENSIONS (continued)

Universities Superannuation Scheme (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:-

	2015	2014
Males currently 65 yrs:	24.2	23.7
Females currently 65 yrs:	26.3	25.6
Males currently 45 yrs:	26.2	25.5
Females currently 45 yrs:	28.6	27.6

Existing Benefits

	2015	2014
Scheme assets:	£49.0bn	£41.6bn
FRS 17 liabilities:	£67.6bn	£55.5bn
FRS 17 deficit:	£18.6bn	£13.9bn
FRS 17 funding level:	72%	75%

Local Government Pension Scheme

The University participates in the Avon Pension Fund which is a funded defined benefit pension scheme with the assets held in separate trustee administered funds. The assumptions which have the most significant effect on the determination of contribution levels are as follows :-

	<i>Service Liabilities</i>	
Return on investments	3.20%	
Long-term Salary inflation	4.10%	
Pension inflation	2.60%	
Valuation date		31 March 2013
Valuation method		Projected Unit
Market value of assets at date of last valuation		£3,146 million
Market value of assets as a percentage of accrued benefits		78%

The contributions payable by the University were equal to 12.60% of total pensionable salaries to March 2014, and 13.60% thereafter.

As a multi-employer scheme where the share of assets and liabilities applicable to each employer can be defined, the University has accounted for the scheme under FRS 17 as a defined benefit scheme based on a full actuarial valuation of the Fund as at 31 March 2013, updated to July 2015 by a qualified independent actuary.

33 PENSIONS (continued)**Local Government Pension Scheme (continued)**

The material assumptions used by the actuary for FRS 17 at 31 July 2015 were:-

At end of year	31 July 2015	July 2014
	%	%
Rate of CPI inflation:	2.20	2.30
Rate of increase in salaries:	3.70	3.80
Rate of increase in pensions:	2.20	2.30
Discount rate:	3.80	4.30

Post retirement mortality assumptions for members retiring in normal health

	31 July 2015	31 July 2014
Non-retired members male (female)	S1PA CMI_2012_[1.5%] 92% (87%)	S1PA CMI_2012_[1.5%] 92% (87%)
Retired members male (female)	S1PA CMI_2012_[1.5%] 94% (93%)	S1PA CMI_2012_[1.5%] 94% (93%)

	31 July 2015	31 July 2014
<i>Life expectancy</i>		
Male (female) future pensioner 65 in 20 years time	25.8 (28.8) years	25.7 (28.7) years
Male (female) current pensioner aged 65	23.4 (25.9) years	23.3 (25.8) years

Notes to the Accounts

33 PENSIONS (continued)

Local Government Pension Scheme (continued)

The University's assets in the scheme and the expected rate of return were:-

	Long term rate of return expected at 2015	Value at 31 July 2015 £000	Long term rate of return expected at 2014	Value at 31 July 2014 £000	Value at 31 July 2013 £000
Equities	6.5%	54,666	7.0%	49,948	53,776
Government bonds	2.5%	8,849	3.2%	8,053	8,921
Other bonds	3.6%	11,110	4.1%	9,320	7,337
Property	6.1%	7,964	6.2%	7,058	5,920
Cash/Liquidity	0.5%	2,163	0.5%	3,167	1,501
Other	6.5%	13,568	7.0%	12,939	5,920
		<u>98,320</u>		<u>90,485</u>	<u>83,375</u>

The University's share of the scheme's assets and liabilities:-

	2015 £000	2014 £000	2013 £000
Market value of assets	98,320	90,485	83,375
Present value of scheme liabilities	(131,486)	(116,532)	(110,112)
Net pension liability	<u>(33,166)</u>	<u>(26,047)</u>	<u>(26,737)</u>

Amounts charged to income and expenditure account:-

	2015 £000	2014 £000
<i>Included in staff costs for the year (Note 7)</i>		
Current service cost	3,601	3,168
Unfunded benefits	34	33
Total operating charge	<u>3,635</u>	<u>3,201</u>

Analysis of amount charged to interest payable:-

	2015 £000	2014 £000
Expected return on pension scheme assets	(5,075)	(4,939)
Interest on expected scheme liabilities	5,023	4,969
Net charge	<u>(52)</u>	<u>30</u>

Notes to the Accounts

33 PENSIONS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2015	2014
	£000	£000
Actual return less expected return on pension scheme assets	3,477	598
Change in assumptions underlying the present value of the scheme liabilities	(9,341)	(860)
Actuarial (loss) recognised in the STRGL	<u>(5,864)</u>	<u>(262)</u>

The movement in the scheme's deficit during the year is made up as follows:-

	2015	2014
	£000	£000
Deficit in scheme at 1 August	26,047	26,737
Movement in the year:		
Current service cost	3,601	3,168
Contributions by the employer	(2,294)	(4,150)
Net finance charge on assets and liabilities	(52)	30
Net Movement in the year	1,255	(952)
Actuarial loss	5,864	262
Deficit in scheme at 31 July	<u>33,166</u>	<u>26,047</u>

Analysis of the movement in the present value of the scheme liabilities:-

	2015	2014
	£000	£000
At the beginning of the year	116,532	110,112
Current service cost	3,565	3,168
Interest on pension liabilities	5,023	4,969
Member contributions	1,065	996
Actuarial losses on liabilities - other	9,341	860
Curtailements	36	-
Benefits/transfers paid	(4,076)	(3,573)
At the end of the year	<u>131,486</u>	<u>116,532</u>



University of Bath
Claverton Down
Bath
BA2 7AY
+44 (0)1225 388388

University
Finance Office



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BATH